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ABSTRACT

This manual was prepared by the Indiana State Department of Public Instruction to present an overall description and explanation of the Planning, Program, Budget System (PPBS) for schools. The manual is intended to provide Indiana educators with a common base of information as the first step toward statewide implementation of PPBS by July 1, 1977. All the basic concepts and functions of PPBS are discussed, and examples of various charts, worksheets, and reports are presented throughout the discussion. A glossary of PPBS terms and a brief annotated bibliography of publications relevant to the study of PPBS are also included. (JG)

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PPBS and Indiana Schools

a manual for operationalizing PPBS

Indiana Department of Public Instruction
Harold H. Negley, Superintendent
Division of Planning and Evaluation
Ivan D. Wagner, Director
1974

To Indiana Educators:

The Planning, Program, Budget System is a familiar phrase to most of you by now. Many of the concepts of the PPB System may also be familiar. These concepts, however, have been varied and in some cases incomplete depending upon which discussion group an individual might join. This manual presents the concepts of PPBS as endorsed by the Department of Public Instruction pursuant to the mandate provided by the 1971 General Assembly.

PPBS represents a mode of thinking, reflecting methods of prioritizing and analyzing educational programs. This manual is the first step toward statewide implementation of PPBS and is intended to be the initial educational document for this purpose. The successive steps toward completion of the project are illustrated in Section H.

Four Indiana school districts have assisted in pioneering this project. Two advisory committees have participated in reviewing the progress. Continual examination of the contents of this manual will proceed until the final definition and design phase of an action plan is completed. The concepts herein were developed by our Division of Planning and Evaluation after months of research, field testing, and discussions. We welcome your questions and response; please direct them to Dr. Ivan Wagner, Director of Planning and Evaluation, 120 West Market Street - 16th Floor, Indianapolis, Indiana 46204 (317-633-4963).

Harold H. Negley

Dr. Harold Negley
State Superintendent

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PUBLIC LAW NO. 309

(H. 1408. Approved April 8, 1971.)

AN ACT to amend the Indiana Code of 1971, 20-1, by adding a new chapter, concerning school budgetary practices.

Be it enacted by the General Assembly of the State of Indiana:

SECTION I. IC 1971, Title 20, Article I, is amended by adding a new chapter, to be numbered 1.5 and to read as follows:

Ch. 1.5. State Board of Education: Commission on General Education

Sec. 1. The Commission on General Education shall immediately make an analysis of a single unified system of budgetary preparation and accounting based upon the concept of the planning and program budget system.

Sec. 2. The Commission shall analyze such budgetary system to determine whether it offers accurate and complete program and item data which allows ready comparison of educational program cost incurred in the several public school systems of the state.

Sec. 3. The Commission may contract with any competent consultation firm for any necessary survey, analysis or design expertise not found within those agencies of the Department of Public Instruction.

Sec. 4. The Commission shall complete the analysis of such a system of programmed budgeting on or before July 1, 1976. After such date, the Commission shall establish a program of instruction for all local system administrators and other personnel who should be involved including local school budgetary officers so that the analysis and instruction program will be completed on or before July 1, 1977.

Sec. 5. All public school governing bodies in the state without exception shall adopt and fully and accurately implement the budgetary system established pursuant to this chapter whenever the general commission so determines after receipt of a recommendation of readiness from the consulting firm, but no later than July 1, 1977 in any event. Failure of any such system to adopt and fully and accurately implement such budgetary system shall constitute a violation of state law and the Commission shall immediately move to take such action as it deems appropriate.

P L A N N I N G P R O G R A M M I N G

B U D G E T I N G S Y S T E M

Strategy for Implementation

1. PPBS orientation with administrative staff
2. Develop implementation strategy
3. Make commitment known to public
4. Assign project staff responsibilities
5. Select task force
6. Provide in-service program for task force
7. Develop timetable of activities and events
8. Prioritize educational needs
9. Define organizational goals and program objectives
10. Identify existing programs
11. Translate existing programs into programmatic budget
12. Prepare account code cross-walk
13. Select target program for analysis
14. Design educational programs to achieve objectives
15. Analyze resource utilization
16. Modify and implement desired programs
17. Design evaluation strategy with performance indicators
18. Compare results with expectations
19. Analyze cost/effectiveness of programs
20. Prepare annual program development cycle
21. Project multi-year programs for future planning
22. Select areas for future in-service training

THE PPBS CONCEPT

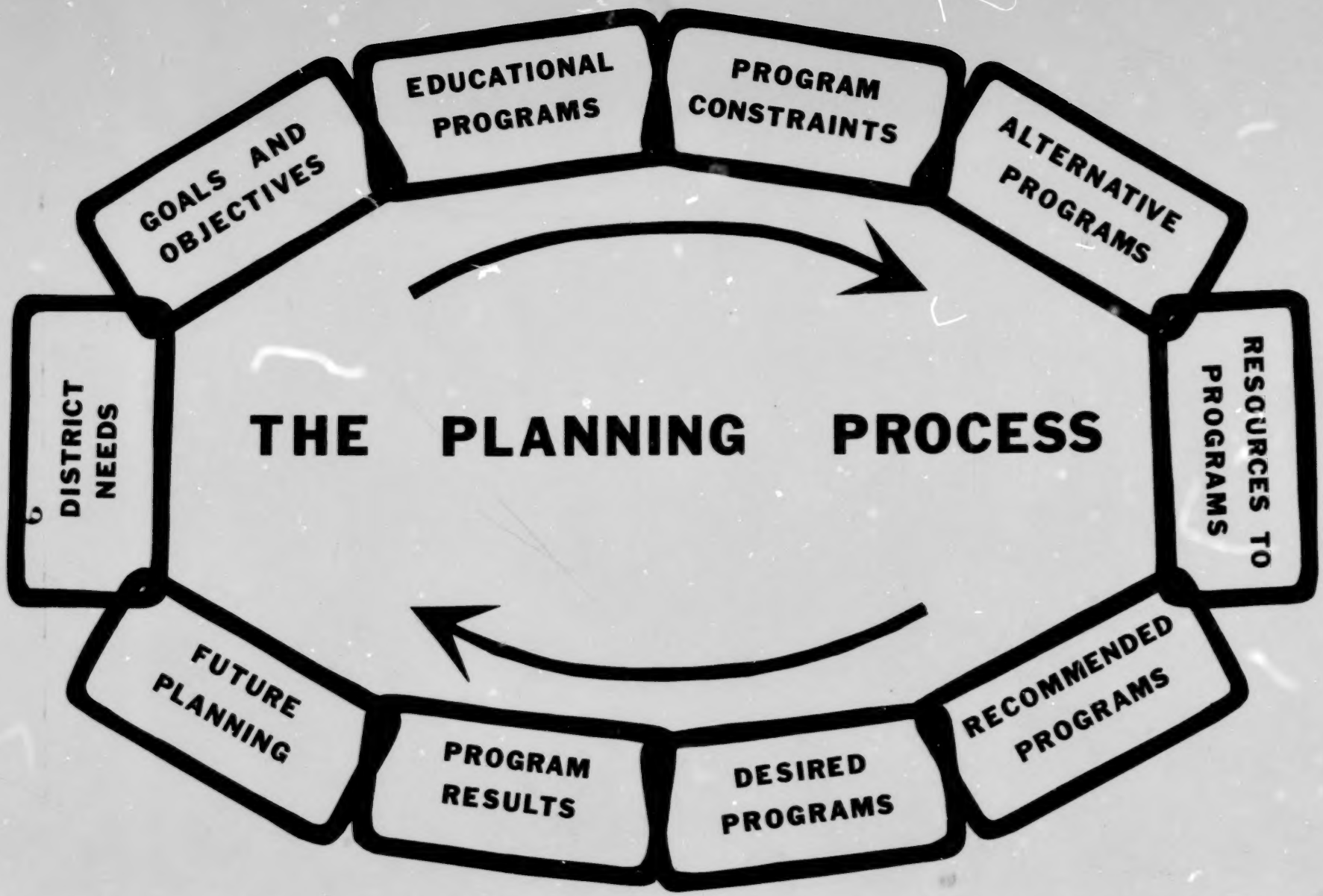
Definition

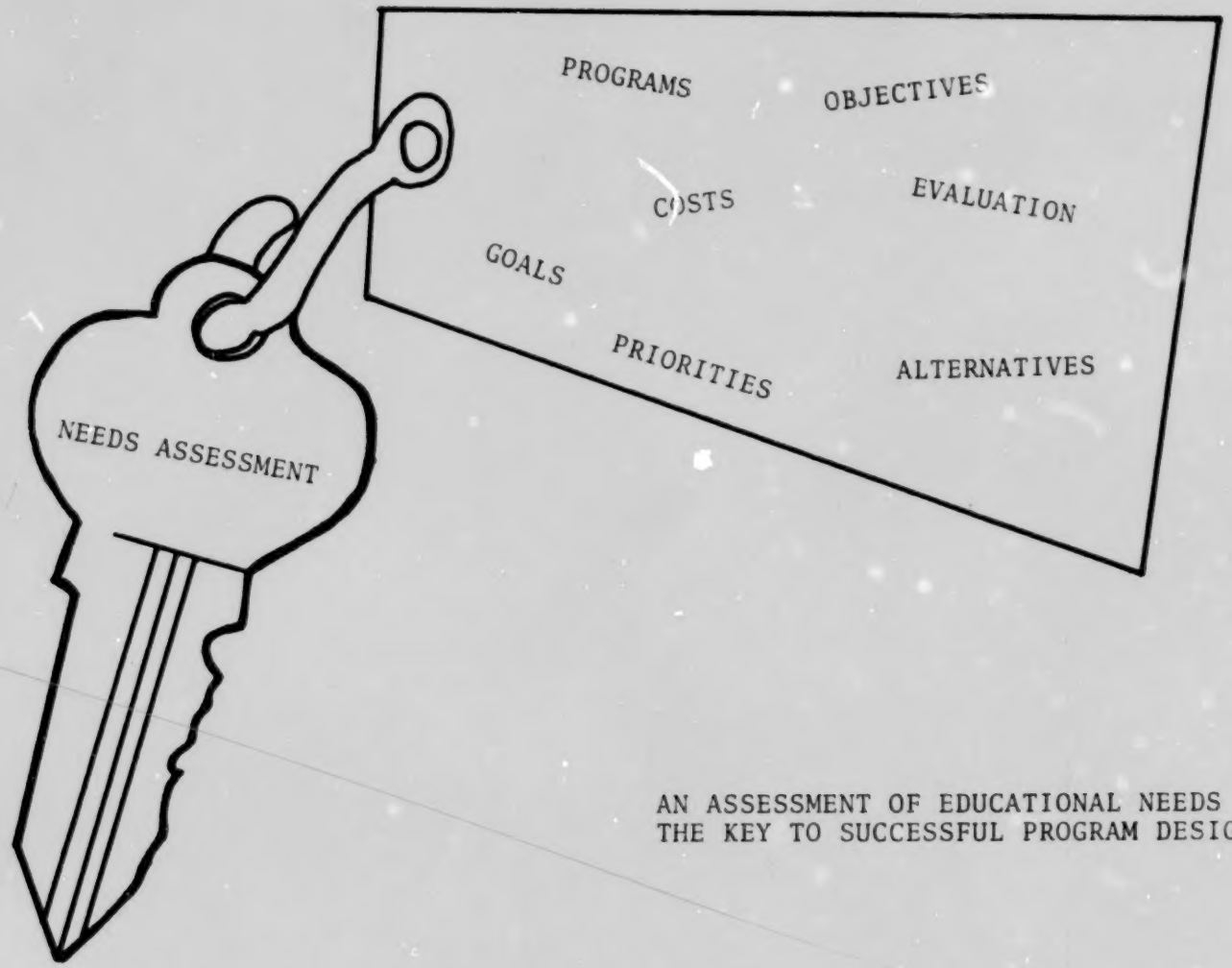
PPBS represents a philosophy for managing a school corporation more effectively. It is a process emphasizing the proper allocation of resources for instructional improvement. The significance of the systems approach is reflected in the fusion of curricular and fiscal planning.

What is PPBS?

PPBS emphasizes the integration of the following:

- Identification of a school corporation's needs
- Formal definition of the corporation's goals and program objectives
- Arrangement of activities into an educational program structure
- Selection of desired alternative programs using analytical techniques
- Allocation of human and fiscal resources to clearly defined programs
- Evaluation of a school corporation's activities
- Recommendation and projection of future program design


THE PLANNING PROCESS
GOALS AND OBJECTIVES
EDUCATIONAL PROGRAMS
PROGRAM CONSTRAINTS
ALTERNATIVE PROGRAMS
RESOURCES TO PROGRAMS
RECOMMENDED PROGRAMS
DESIRED PROGRAMS
PROGRAM RESULTS
FUTURE PLANNING
DISTRICT NEEDS



AN ASSESSMENT OF EDUCATIONAL NEEDS IS THE KEY TO SUCCESSFUL PROGRAM DESIGN.

NEEDS ASSESSMENT

A need may be defined as the difference between what exists and what is desired. Related to education, consideration should be given to examining needs in the following functional areas:

a. Education Program
b. Instructional Management
c. Communications
d. Budgeting
e. Evaluation
f. Planning
g. Instructional Support Programs
h. Formulating Policy
i. Facilities
j. Student Services
k. Teacher Services

The completion of a comprehensive needs assessment related to the above functional areas is essential to total implementation of a PPB system. The pivotal activity in completing this task is the proper determination of student needs. Information gathered from the remaining functional areas should serve as input in planning an educational system designed to reflect improvement of instruction and desired behavioral changes at the classroom level.

The most common technique utilized in completing a comprehensive needs assessment is the questionnaire. Opinions and responses are solicited from selected members of the educational community (students, parents, patrons, educators, legislators, etc.). The information is then categorized and prioritized.

The following examples of questionnaire items are provided for your review:

a. Student

Please indicate your level of satisfaction with the teaching methods used in your school?

_____1) Very well satisfied
_____2) Satisfied
_____3) About half and half
_____4) Dissatisfied
_____5) Very much dissatisfied
_____6) I have no opinion

b. Professional Staff

To what extent are student learning experiences and activities provided in your school related to practical everyday living?

_____1) Practically everything they are studying
_____2) Most of what they are studying
_____3) About half of what they are studying
_____4) Considerably less than half
_____5) Very little of what they are studying
_____6) I have no opinion

c. Community

I believe this school district spends the taxpayer's money wisely.

_____1) Strongly agree
_____2) Agree
_____3) Disagree
_____4) Strongly disagree

c. Facilities

When classrooms and school buildings are crowded, which of the following options would you recommend for your school district?

_____1) Build additional permanent buildings or additions
_____2) Add protable classrooms to existing structures
_____3) Set up split or staggered shifts so each building can accommodate more students
_____4) Operate schools 12 months of the year instead of 9 so each building can accommodate more students
_____5) Increase class size
_____6) Don't know

d. Educational Programs

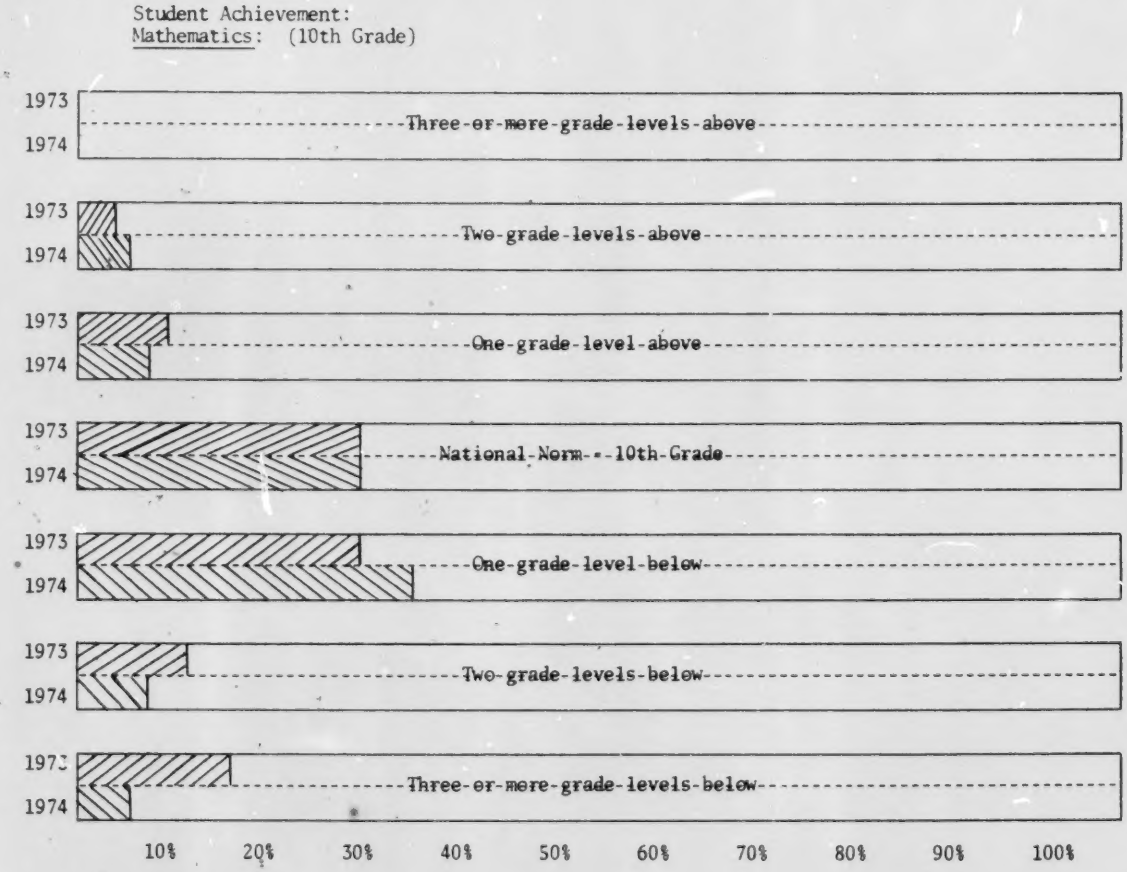
In general, how well satisfied are you with the variety (number and nature) of the subjects that your school offers?

_____1) Very well satisfied
_____2) Well satisfied
_____3) About half and half
_____4) Dissatisfied
_____5) Very much dissatisfied
_____6) I have no opinion

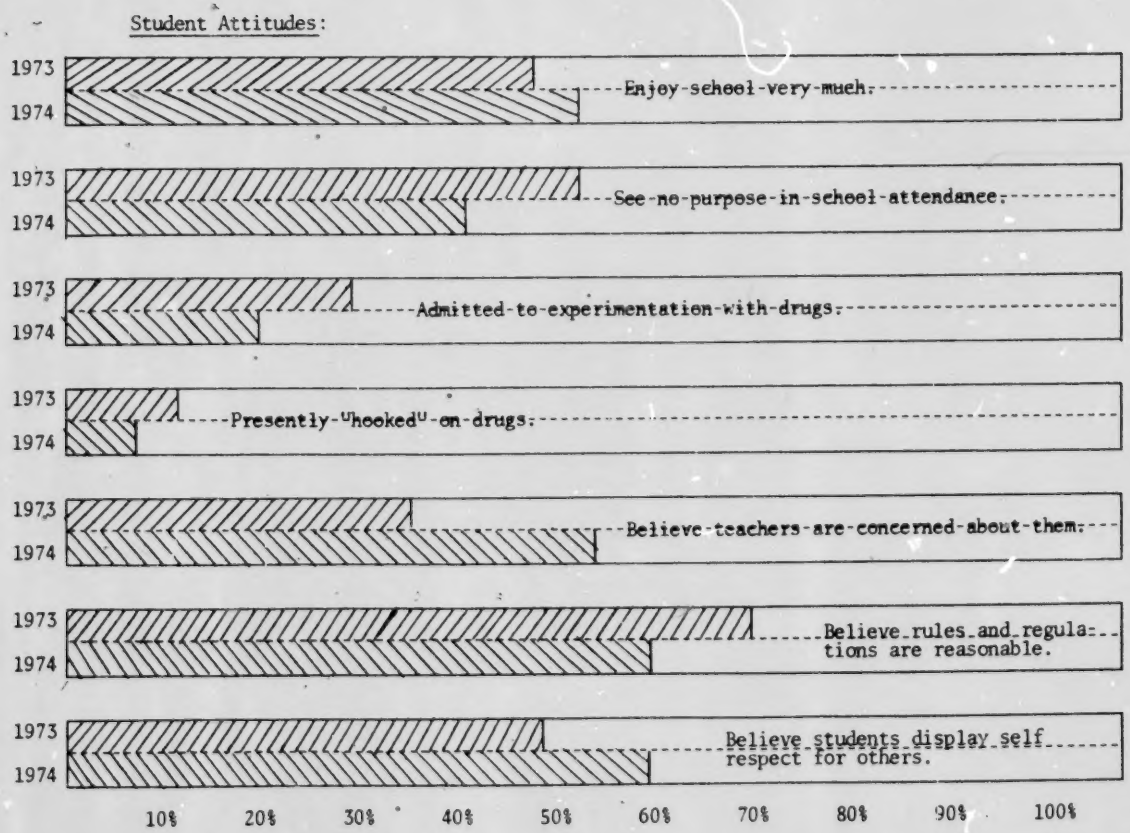
Reporting Needs Assessment Data

The basis of determining educational needs is the analysis of available data. An awareness of perceptions, trends, and student achievement is important in allocating limited resources more effectively. The following graph illustrates a means of providing needs assessment data to decision makers.

COMMUNITY SCHOOL DISTRICT
Assessment Data 1973-74



COMMUNITY SCHOOL DISTRICT
Assessment Data 1973-74



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GOALS

Educational institutions will implement PPBS by initiating a process of self renewal based upon goal centered educational programs. A goal may be defined as follows:

> "A goal is a statement of broad direction or general intent and is not concerned with achievement within a specified period of time."

Goal statements reflect community desires which provide direction for all educational activities within the school community. Well defined goals articulate the needs of youth. All school district programs, operations, and services are based on the educational goals.

Examples of typical instructional and non-instructional goals are as follows:

1. The educational system should provide opportunities and experiences which assist students in mastering the basic skills of reading, communication, computation, and problem solving.
2. The educational system should assist students, parents, and other community members in demonstrating a positive attitude toward school and the learning process.
3. The educational system should provide equal educational opportunities for all.
4. The educational system should provide every student with opportunities in preparation for the world of work.
5. The educational system should provide experiences which result in positive attitudes and habits associated with citizenship responsibilities.

The following goal statements were determined for the Penn-Harris-Madison School Corporation in conjunction with the Indiana PPBS project.

ORGANIZATIONAL GOALS

THE STUDENT SHALL BE ABLE:

1. To achieve satisfaction and a feeling of pride and self-worth in one's achievements, progress and workmanship.
2. To find, examine, evaluate and use information to solve problems and make decisions in personal and career matters.
3. To accept responsibility for learning skills, knowledge and attitudes as a lifelong process that will help one cope with a world of rapid change and unforeseeable demands.
4. To communicate ideas and feelings effectively with other persons.
5. To respect the dignity of each individual.
6. To establish personal characteristics which contribute to successful group membership and the ability to work harmoniously with others.
7. To understand and respect the uniqueness of different world cultures.
8. To develop the ability to use the process of valuing and establishing a reasonable commitment to the values that sustain a free society.
9. To effectively use leisure time.
10. To develop an esthetic appreciation for man and his various cultures.
11. To practice the principles of mental and physical health.
12. To understand the rewards and consequences of personal behavior in the development of a value system.

13. To investigate a variety of spiritual and moral values in the different cultures of the world.

14. To self-assess and accept individual abilities, potentialities and personal limitations.

15. To assume a responsible life style.

16. To be aware of vocational and career requirements and opportunities and sources of job placement assistance.

17. To be aware of civic responsibilities and rights.

18. To be concerned for the welfare, rights, freedoms and responsibilities of all individuals.

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OBJECTIVES

One of the strengths of a PPB System is the emphasis of long range planning based on explicated objectives. An objective may be described as follows:

> "An objective is a desired accomplishment that can be measured within a prescribed period of time under specifiable conditions. The attainment of the objective advances the system toward a corresponding goal."

Objectives describe the desired performance of a particular activity or group of activities within a school system. Objective statements specify the method of measurement, criteria to be used in evaluating the success of the activity, as well as the period of time within which the objective is to be achieved. This framework provides a benchmark to determine progress toward a goal.

The following examples of objective statements are provided:

1. That 75% of the students be able to communicate at an elementary level in the foreign language of a native speaker of that language as evaluated by that teacher.
2. That 90% of the students be able to read at the 4th grade level at the 10th year of chronological age as measured by the Iowa Skills Achievement Test.

Program objectives reflect desirable standards of student attainment. The classroom teacher can best determine how realistic objectives are in light of student needs. The following example of science objectives (biology) illustrate the standards of student accomplishment. (Western Wayne PPBS Pilot Project)

Behavioral Objectives For Biology: Upon completion of the course general biology, it is expected that a student be able to:

1. Synthesize hypotheses when confronted with problems that are in the realm of their cognition.
2. Deduce the most appropriate line of experimentation to render evidence which supports or undermines a hypothesis.
3. Restate in his own words graphical data presented to him in a graph.
4. Design and construct a data table which includes all meaningful data and account for all measurable variables.
5. Transfer data from data tables to graphs and vice versa.
6. Multiply and divide using numbers of 2 or more integers.
7. Demonstrate a procedure for measuring length, volume, and weight of substances in the metric system.
8. Identify the fundamental states of matter and relate these to the conservation of energy.
9. Identify the nucleus, cell membrane, chloroplasts, and chromosomes of cells and state the heirarchy of living components (ie, cells, tissues, organs, etc.).
10. Grow plants from seeds and measure a variable believed to be affected by a cause and affect relationship.
11. Produce new plants through cuttings.
12. Identify the basic needs of a green plant.

13. Classify plants or animals into various categories based on student selected criteria.
14. Identify and state variations in a set of living things by measuring.
15. Manipulate, maintain, and focus the microscope.
16. Observe, measure, and record plant and animal growth.
17. Describe the interdependency between plants and animals
18. Identify by name 3 forms of energy.
19. Describe the differences between sexual and asexual reproduction.
20. Describe the similarities of sexual reproduction in both plants and animals.

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PROGRAM STRUCTURE

All of the activities performed within a school district are grouped into programs designed to contribute to the achievement of objectives.

The program structure may be defined as follows:

> "A program structure is an hierarchial arrangement of all activities which graphically illustrates the relationship of educational programs to goals and objectives."

This structure provides a basic framework for all planning and reporting within a school district.

There are several methods of categorizing school district programs and arranging them in a program structure. The program structure being utilized in the Indiana PPB System is illustrated on the following pages.

PROGRAM BUDGET CATEGORIES

1. Instruction

- **REGULAR PROGRAMS**
  - **ELEMENTARY**
    - KINDERGARTEN
    - GRADE 1
    - GRADE 2
    - GRADE 3
    - GRADE 4
    - GRADE 5
    - GRADE 6
    - ART
    - **MUSIC**
      - **VOCAL MUSIC**
        - SALARIES
        - EMPLOYEE BENEFITS
        - PURCHASED SERVICES
        - SUPPLIES AND MATERIALS
        - CAPITAL OUTLAY
        - OTHER OBJECTS
        - TRANSFERS
      - INSTRUMENTAL MUSIC
  - JUNIOR HIGH SCHOOL
  - HIGH SCHOOL
- SPECIAL PROGRAMS
- ADULT/CONTINUING EDUCATION PROGRAMS
- SUMMER SCHOOL PROGRAMS

2. Supporting Services

3. Community Services

4. Nonprogramed Charges

5. Debt Service

PROGRAM BUDGET CATEGORIES

1. Instruction

- **REGULAR PROGRAMS**
  - ELEMENTARY
  - JUNIOR HIGH SCHOOL
  - **HIGH SCHOOL**
    - ART
    - BUSINESS
    - ENGLISH
    - **FOREIGN LANGUAGE**
      - **FRENCH**
        - SALARIES
        - EMPLOYEE BENEFITS
        - PURCHASED SERVICES
        - SUPPLIES AND MATERIALS
        - CAPITAL OUTLAY
        - OTHER OBJECTS
        - TRANSFERS
      - SPANISH
    - INDUSTRIAL ARTS
    - MATHEMATICS
    - MUSIC
    - PHYSICAL EDUCATION
    - SCIENCE
    - SOCIAL STUDIES
- SPECIAL PROGRAMS
- ADULT/CONTINUING EDUCATION PROGRAMS
- SUMMER SCHOOL PROGRAMS

2. Supporting Services

3. Community Services

4. Nonprogramed Charges

5. Debt Service

PROGRAM BUDGET CATEGORIES

1. **Instruction**
2. **Supporting Services**
   - **PUPILS**
     - ATTENDANCE AND SOCIAL WORK SERVICES
     - GUIDANCE SERVICES
     - **HEALTH SERVICES**
       - SERVICE AREA DIRECTION
       - MEDICAL SERVICES
       - DENTAL SERVICES
       - **NURSE SERVICES**
         - SALARIES
         - EMPLOYEE BENEFITS
         - PURCHASED SERVICES
         - SUPPLIES AND MATERIALS
         - CAPITAL OUTLAY
         - OTHER OBJECTS
         - TRANSFERS
       - OTHER HEALTH SERVICES
     - PSYCHOLOGICAL SERVICES
     - SPEECH PATHOLOGY AND AUDIOLOGY SERVICES
   - INSTRUCTIONAL STAFF
   - GENERAL ADMINISTRATION
   - SCHOOL ADMINISTRATION
   - BUSINESS
   - CENTRAL
3. **Community Services**
4. **Nonprogramed Charges**
5. **Debt Service**

PROGRAM BUDGET CATEGORIES

1. Instruction

- **REGULAR PROGRAMS**
  - ELEMENTARY
  - JUNIOR HIGH SCHOOL
  - **HIGH SCHOOL**
    - ART
    - BUSINESS
    - ENGLISH
    - **FOREIGN LANGUAGE**
      - **FRENCH**
        - SALARIES
        - EMPLOYEE BENEFITS
        - PURCHASED SERVICES
        - SUPPLIES AND MATERIALS
        - CAPITAL OUTLAY
        - OTHER OBJECTS
        - TRANSFERS
      - SPANISH
    - INDUSTRIAL ARTS
    - MATHEMATICS
    - MUSIC
    - PHYSICAL EDUCATION
    - SCIENCE
    - SOCIAL STUDIES
  - SPECIAL PROGRAMS
  - ADULT/CONTINUING EDUCATION PROGRAMS
  - SUMMER SCHOOL PROGRAMS

2. Supporting Services

3. Community Services

4. Nonprogramed Charges

5. Debt Service

EVALUATION

Evaluation includes program reports containing summarized fiscal and educational data necessary for total program evaluation. It is important that program reporting reflect the best information possible about the operational effectiveness of specific programs in order that vital decisions concerning objectives and resource allocation may be determined.

Evaluation may be defined as follows:

> "Evaluation is a systematic procedure for collecting and analyzing reliable and valid information for the purpose of decision making."

A primary component of PPBS is to determine to what extent the established objectives of programs have been accomplished. Educational objectives may be divided into three domains of performance or behavior:

Cognitive

Affective

Psychomotor

The cognitive deals with knowledge and development of intellectual abilities and skills. The affective deals with interest, attitudes, values, and appreciations. The psychomotor is concerned with manipulative skills.

Most of the above characteristics are concerned with the evaluation of instruction and instruction-related programs within a school setting. These are regarded as more difficult to evaluate than support programs such as transportation or food service. However, similar techniques, such as interviews, controlled obser-

vation, and rating scales may be used in evaluating these non-instructional, or support programs. Such a reporting system will enable decision makers to monitor and control program performance relative to stated objectives, on the basis of timely and accurate information.

The following diagrams illustrate the evaluative process, and possible methods of evaluation related to learning outcomes.

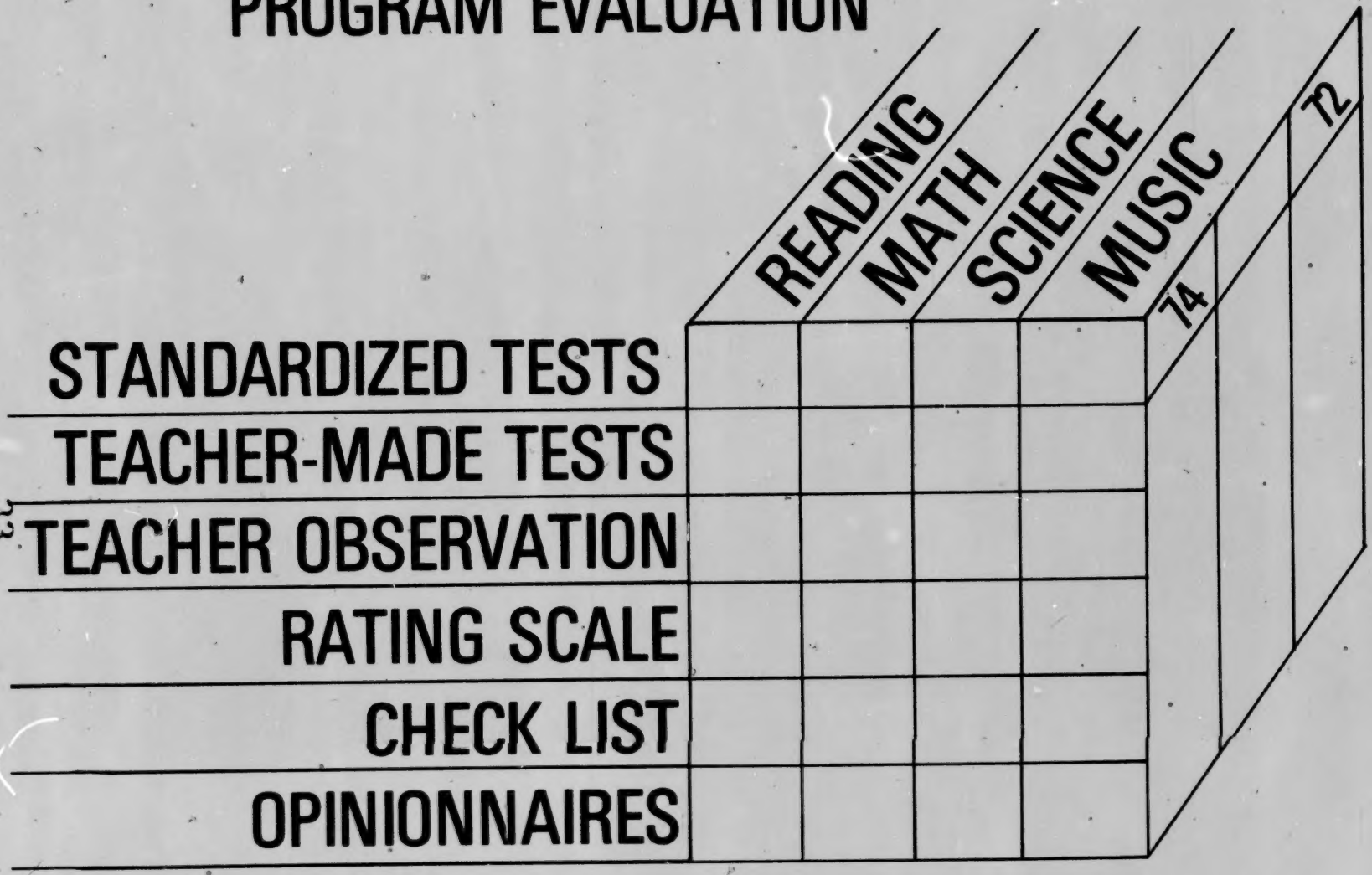
Evaluation does not occur at one specified time during the school year. It begins in the planning stages of the actual program design when the required resources, activities and objectives are determined. There is a need for periodic assessment at the stages of implementation, and operation prior to terminal assessment and cost analysis.

PROGRAM EVALUATION

Evaluative methods will vary from program to program. One might consider a standardized test as one appropriate technique for evaluating the reading program. Whereas in music the use of a rating scale or check list might be more suitable. The development of program profiles will be extremely important in analyzing program effectiveness.

	INPUTS	PROCESSES	OUTPUTS
Stage 1: DESIGN Set Standard by: 1. Identifying problem, based on need 2. Determine solution requirements and alternatives 3. Select solution strategy from alternatives 4. Revise and refine 5. Establish final program design	Resources required: (personnel, materials, facilities) Staff Aides Students Board rooms equipment etc.	Activities for carrying out program Students' activities Staff activities etc.	Objectives: Terminal outcomes Interim outcomes
Stage 2: IMPLEMENTATION Implementation of actual program Try to find problems in the program here by observation in field	Compare implementation of program actual resources to design specifications. Determine discrepancy, make adjusts or alter input design.	Compare activities as you actually observe them to activities as specified in process design. Are they operational and capable of producing desired outcomes?	Determine whether interim products are being achieved, record any indirect benefits
Stage 3: PROCESSES Program is in actual operation at this stage.	Compare here to determine whether resources are functioning as prescribed in design.	Compare here to determine whether activities as prescribed in design are operating to achieve interim products.	Determine whether interim products are being achieved. If not, make adjustments. If no discrepancy found here, no further revision is made beyond this stage.
	ASSESSMENT BEGINS HERE		
Stage 4: PRODUCT This stage is concerned with measuring final outcomes and is a terminal assessment	Make assessment here as to whether resources functioned as prescribed. If not, why not? Report findings and make recommendations	Assess whether activities took place as prescribed. If not, why not? Report findings and make recommendations	Determine whether terminal goals were achieved. If not, why not? Did combination of interim products produce terminal products? Report findings and make recommendations.
Stage 5: COST This is a terminal assessment to determine whether program costs were congruent with estimated costs, cost-benefit analyses.	Compare actual cost of resources with costs specified in design.	Compare actual and projected costs of activities with costs anticipated.	Assess cost increments relative to outcome increments.

PROGRAM EVALUATION



REPRESENTATIVE LEARNING OUTCOMES AND POSSIBLE METHODS OF EVALUATION*

LEARNING OUTCOMES	METHODS OF EVALUATION
A. APPLICATION CONCEPT ACQUISITION MEMORIZATION OF FACTS PROBLEM SOLVING READING COMPREHENSION SKILLS (NUMBER, ETC.)	A. OBJECTIVE TEST PRODUCT EVALUATION RATING SCALE CHECKLIST
B. PERFORMANCE	B. RATING SCALE CHECKLIST PRODUCT EVALUATION
C. CLASSROOM BEHAVIOR	C. RATING SCALE CHECKLIST ATTENDANCE RECORD, ETC. INTERACTION ANALYSIS
D. INTEREST	D. QUESTIONNAIRE CHECKLIST INTEREST INVENTORY FACTUAL VOCABULARY TEST
E. ATTITUDE	E. RATING SCALE QUESTIONNAIRE CHECKLIST OBJECTIVE TEST
F. ASPIRATION LEVEL	F. RATING SCALE INTERVIEW SIMPLE OBJECTIVE TEST WORD ASSOCIATION TEST OPEN ENDED SENTENCES
G. ADJUSTMENT	G. RATING SCALE ANECDOTAL REPORT INTERVIEW, SOCIOGRAM

*Nebraska Department of Education.

EVALUATION

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PLANNING FOR PPBS

TASKS TO BE COMPLETED	ROLE AND RESPONSIBILITY → Parents	Students	Professional Staff	Building Admin.	Central Office Admin.	Board Members	Citizens	Other
1. Express educational concerns								
2. Examine educational concerns								
3. Prioritize educational concerns								
4. Determine data requirements								
5. Prepare data related to concerns								
6. Examine data								
7. Determine areas of student needs								
8. Establish priorities of student needs								
9. Identify community educational goals								
10. Establish priorities of educational goals								
11. Identify educational programs								
12. Develop specific program objectives								
13. Establish program priorities								
14. Develop alternative programs								
15. Examine alternative programs								
16. Select desired educational programs								
17. Implement desired programs								
18. Monitor educational programs								
19. Evaluate educational programs								
20. Report program results								
21. Develop long range educational plan								

THE RESPONSIBILITY FOR IMPLEMENTING PPBS WILL BE SHARED BY MANY INDIVIDUALS AND GROUPS.

Source Data for PPBS

Financial data for PPBS will be generated from the payroll, disbursements, purchase orders, and other transactions which presently occur in the school district. However, the transactions will be coded in accordance with a classification structure similar to that presented in Section C. Budget preparation forms are shown in Section E. The system which is described in the following sections requires that a single transaction be recorded only once for both PPBS and General Ledger processing.

Exhibit 1 shows the flow of data from school districts to the State Department of Public Instruction.

Statewide Data Collection

Each school district will forward summary financial data to the state on report forms or magnetic tape if a computer is available for processing. Data recorded on report forms will be keypunched, verified, and consolidated with the magnetic tape data to prepare state-wide PPBS reports, general ledger, and other statistical analyses.

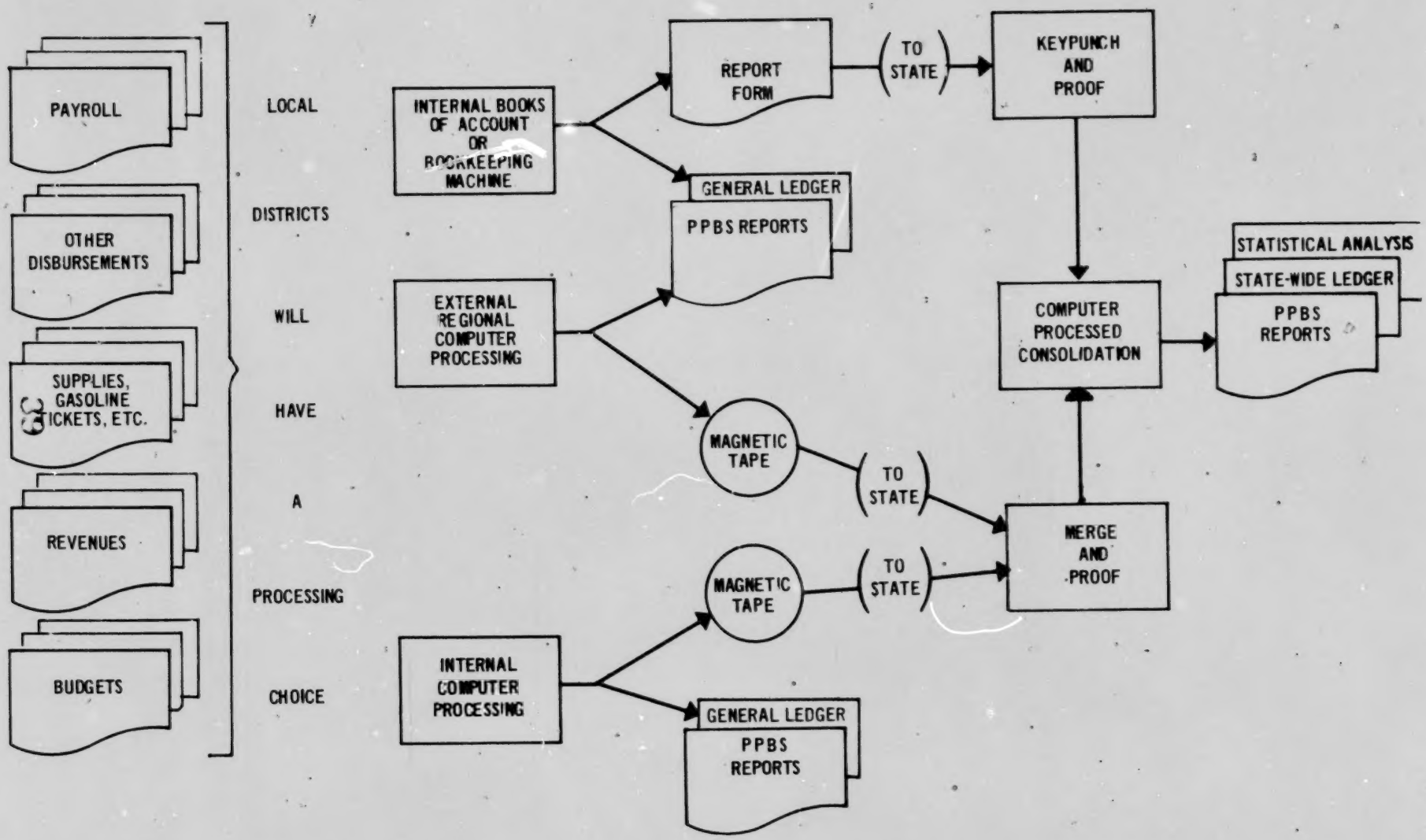
The Reporting System

The reporting system which follows is conceptual in nature and has not yet been fully designed or programmed. The basic requirements of Public Law 309 and PPBS in theory have been met; however, the system may be expanded if local or state needs require additional information. Such modification will be the result of reviews and discussions of this manual.

EXHIBIT 1

PLANNING, PROGRAMMING, BUDGETING SYSTEM

STATE-WIDE DATA FLOW



SECTION B
PROGRAM ACCOUNTING SYSTEM

Handbook II, Revised

Before describing the program accounting system, it seems appropriate to briefly review where this system originated. The present Indiana accounting manual was derived from the U.S. Office of Education's Handbook II, Financial Accounting for Local and State Schools Systems, in 1957. This federal handbook has been revised to meet changing financial accounting needs, and was published for distribution in August of 1973. The Indiana State Board of Accounts has stated that Handbook II, Revised will be the accounting procedure for Indiana schools in the near future.

Therefore, the Indiana PPB accounting system is based on Handbook II, Revised so that PPBS and the new handbook could be implemented simultaneously to avoid duplication of effort.

The Indiana PPB accounting and budgeting system is based on Handbook II, Revised but many aspects of the present accounting manual are included in the new system. In this way, the best of both systems are combined to achieve maximum effectiveness. The following sections will be concerned with the components of the new system.

Criteria

The development of the PPB program accounting and budgeting system was based on five basic criteria. The basic criteria used to develop the system are:

1. Must provide a comprehensive information system for educational decision-making.
2. Program budget categories must be adaptable to all Indiana school systems.
3. Program data must be accessible for purposes of reporting and comparing at the local, state, and federal levels.
4. Chart of accounts must be commensurate with governmental accounting procedures.
5. Must facilitate a better understanding of Program, Planning, and Budgeting with the legislature and general public.

SECTION C
CLASSIFYING AND REPORTING FINANCIAL TRANSACTIONS

Account Code Structure

The foundation for accurate PPBS accounting and reporting is the design of the financial transaction coding structure. The coding structure should be easily understood, reflect accurate financial data compatible with state reporting requirements, and allow flexibility for unique user requirements. The coding structure which follows will allow transactions to be directed into fund/ account, program, and program budget categories. It is designed to satisfy school administration needs as well as other accounting, auditing, and information-gathering entities.

A ten digit account code number is recommended for state reporting. This account code structure would be composed of a two digit fund number, a five digit function number and a three digit object number.

XX	XXXXX	XXX
FUND	FUNCTION	OBJECT

The function number has four digits in Handbook II, Revised but has been expanded to five digits to incorporate the program area. By adding this one digit, Indiana's PPB System can be successfully combined with Handbook II, Revised.

The account code structure may be expanded if the local school corporations wish. The function and object areas may have two digits added to each, and a three digit cost center number may be added. Therefore, the maximum number of digits would be 17. Ten will be required and 7 will be optional.

XX	XXXXX.XX	XXX.XX	XXX
FUND	FUNCTION	OBJECT	COST CENTER

FUNDS

A fund, as used in this manual, represents monies set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are recorded in the fund to which they pertain. The funds used in the new accounting system will be identical to present Indiana procedures. The funds established for Indiana school corporations are:

1. General Fund
2. Debt Service Fund
3. Cumulative Building Fund
4. Construction Fund
5. School Lunch Fund
6. Textbook Rental Fund

Any special funds established must begin with Fund No. 7 and continue in sequence.

REVENUES

Revenues are defined in Handbook II, Revised as:

"additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of fund capital in School Lunch and Textbook Rental funds."

The revenue accounts have been altered to correspond to Indiana accounting procedures, but the basic concept is based on Handbook II, Revised. There is a major difference between the revenue accounts of the present and new systems. The current system has a two digit code, while the new one has a four digit code. The types of revenue, though, are very similar with the order of accounts being rearranged.

The revenues under the new system will be derived from the current sources as they presently exist. The four major sources are: Local, Intermediate, State, and Federal.

The following chart represents the receipt accounts.

REVENUE RECEIPTS

1000 Revenue from Local Sources

1100 Taxes
- 1110 Local Property Tax
- 1120 Payments in Lieu of Taxes
- 1150 License Excise Tax
- 1160 Local Option Tax
- 1180 Other Taxes
  - 1181 Non-Property Taxes

1300 Tuition
- 1310 Regular Day School Tuition From
  - 1311 Pupils or Parents
  - 1312 Other LEA's Within the State
  - 1313 Other LEA's Outside the State
- 1320 Adult/Continuing Education Tuition From
  - 1321 Pupils or Parents
  - 1322 Other LEA's Within the State
  - 1323 Other LEA's Outside the State
- 1330 Summer School Tuition From
  - 1331 Pupils or Parents
  - 1332 Other LEA's Within the State
  - 1333 Other LEA's Outside the State

1400 Transportation Fees
- 1410 Regular Day School From
  - 1412 Other LEA's Within the State
  - 1413 Other LEA's Outside the State
- 1420 Summer School Transportation Fees From
  - 1422 Other LEA's Within the State
  - 1423 Other LEA's Outside the State

1500 Earnings on Investments
- 1510 Interest on Investments
- 1520 Dividends on Investments
- 1530 Gain on Sale of Investments

A3

1600 Food Services
- 1610 Students
- 1620 Adults
- 1630 Welfare
- 1690 Other (Specify)

1700 Pupil Activities
- 1740 Textbooks
  - 1741 Rentals
  - 1742 Sales
  - 1743 Welfare

1900 Other Revenue from Local Sources
- 1910 Rent of Property
- 1920 Gifts, Donations and Bequests
- 1930 Earnings from Gifts, Donations and Bequests
- 1940 Services Provided Other LEA's
  - 1941 LEA's Within the State
  - 1942 LEA's Outside the State
- 1950 Receipts from Clearing Accounts
- 1960 Fees - Student and Adult
- 1990 Other (Specify)

2000 Revenue from Intermediate Sources

2100 Grants-in-Aid
- 2110 Unrestricted Grants-in-Aid
  - 2111 Special County Taxes
- 2120 Restricted Grants-in-Aid

2200 Revenue in Lieu of Taxes
- 2210 Congressional Interest
- 2220 Transfer Tuition (Welfare and Military)
- 2290 Other (Specify)

2300 Revenue for/on Behalf of LEA

3000 Revenue from State Sources

3100 Grants-in-Aid
- 3110 Unrestricted Grants-in-Aid
  - 3111 Minimum Foundation Program

3111.1 Basic Grant
3111.2 Veteran's Memorial Funds Withheld
3111.3 Common School Funds Withheld
3111.4 Supplemental Grant
3111.5 Summer School
3111.6 Evening and Part-Time Schools
3112 Other State Distributions
3112.1 Transportation
3112.2 Special Education
3112.3 ADA Flat Grant
3112.4 Supplemental Flat Grant
3113 State Transfer Tuition
3114 Vocational Education
3115 State Matching Funds
3115.1 School Lunch
3119 Other (Specify)
3120 Restricted Grants-in-Aid

3200 Revenue in Lieu of Taxes

3300 Revenue for/on Behalf of the LEA

4000 Revenue from Federal Sources

4100 Grants-in-Aid
4110 Unrestricted Grants-in-Aid Received Directly from Federal Government
4120 Unrestricted Grants-in-Aid Received from Federal Government Through the State
4121 Vocational Education
4121.1 Vocational Home Ec., Ag., and Industrial
4121.2 Indiana Vocational Technical College
4121.3 Area Vocational Schools
4122 N.D.E.A. Funds
4122.1 Title III
4122.2 Title V
4123 Impacted Areas
4123.1 Public Law 874
4123.2 Public Law 815
4124 M.D.T.A. Funds
4125 National Youth Program
4126 Adult Education
4127 Disaster Grants
4129 Other (Specify)

4129.1 School Lunch Reimbursement
4129.2 Crime Control Grant
4130 Restricted Grants-in-Aid Received Directly from Federal Government
4140 Restricted Grants-in-Aid Received from Federal Government Through the State
4141 Public Law 89-10
4141.1 Title I
4141.2 Title II
4141.3 Title III

4200 Revenue in Lieu of Taxes

4300 Revenue for/on Behalf on the LEA

NON-REVENUE RECEIPTS

5000 Bonds and Advances

5100 Sale of Bonds
5110 Bond Principal
5120 Premium and Accrued Interest

5200 Veterans Memorial Advances

5300 Common School Advances

6000 Loans

6100 Temporary

6200 Emergency

6300 Loans from One Fund to Another

6400 School Bus

7000 Sale of Property, Adjustments and Refunds

7100 Sale of Property
7110 Real Property
7120 Personal Property
7130 Securities

7200 Adjustments
- 7210 Insurance (Claims for Losses)
- 7220 Vocational School (Area)
- 7290 Other (Specify)

7300 Refunds
- 7310 Insurance (of premiums paid)
- 7320 Overpayments
- 7330 Transportation, Migrant Children

7400 Return of Petty Cash

7900 Other (Specify)

INCOMING TRANSFER ACCOUNTS

8000 Inter-Governmental Transfers

8100 Transfer Tuition
- 8110 Regular
- 8120 Special Education

8200 Payments by Joint School Members

8300 Payments by Area Vocational School Members

8400 Joint Services and Supply

8900 Other (Specify)

9000 Transfers from One Fund to Another

FUNCTION

Expenditure accounts are of prime importance when describing the differences between the current and new system. The new function dimension points this out.

Function as defined in Handbook II, Revised is:

"The action a person takes or the purpose for which a thing exists or is used."

Function includes the activities or actions which are performed to accomplish the objectives of an enterprise. The five function areas are:

Instruction
Support Services
Community Services
Non-Programmed Charges
Debt Services

Functions are divided into Sub-function and Service Areas which are subsequently subdivided into Areas of Responsibility.

Each of these program levels consists of activities which have similar general operational objectives. Furthermore, categories of activities comprising each of these divisions and subdivisions are grouped according to the principle that the activities can be combined, compared, related and be mutually exclusive.

The following chart describes the function accounts.

MASTER CHART OF ACCOUNTS
FUNCTION ACCOUNTS

10000 Instruction

11000 Regular Programs
11100 Elementary Programs

NOTE: The last two digits are reserved for local programs of the school corporations.

11200 Middle/Junior High Programs
11300 High School Programs

12000 Special Programs
12100 Programs for Gifted and Talented
12200 Programs for Mentally Retarded
12300 Programs for Physically Handicapped
12400 Programs for Emotionally Disturbed
12500 Programs for Culturally Different
12600 Programs for Pupils With Learning Disabilities
12900 Other Special Programs

13000 Adult/Continuing Education Programs
13100 Adult Basic Education Programs
13200 Advanced Adult Education Programs
13300 Occupational Programs
13400 Upgrading in Current Occupation Programs
13500 Retraining for New Occupation Programs
13600 Special Interest Programs
13700 Life Enrichment Programs
13900 Other Adult/Continuing Education Programs

20000 Supporting Services

21000 Support Services-Pupils
21100 Attendance and Social Work Services
21110 Service Area Direction
21120 Attendance Services
21130 Social Work Services
21140 Pupil Accounting Services
21190 Other Attendance and Social Work Services

21200 Guidance Services
- 21210 Service Area Direction
- 21220 Counseling Services
- 21230 Appraisal Services
- 21240 Information Services
- 21250 Record Maintenance Services
- 21260 Placement Services
- 21290 Other Guidance Services

21300 Health Services
- 21310 Service Area Direction
- 21320 Medical Services
- 21330 Dental Services
- 21340 Nurse Services
- 21390 Other Health Services

21400 Psychological Services
- 21410 Service Area Direction
- 21420 Psychological Testing Services
- 21430 Psychological Counseling Services
- 21440 Psychotherapy Services
- 21490 Other Psychological Services

21500 Speech Pathology and Audiology Services
- 21510 Service Area Direction
- 21520 Speech Pathology Services
- 21530 Audiology Services
- 21590 Other Speech Pathology and Audiology Services

22000 Support Services-Instructional Staff

22100 Improvement of Instruction Services
- 22110 Service Area Direction
- 22120 Instruction and Curriculum Development Services
- 22130 Instructional Staff Training Services
- 22190 Other Improvement of Instruction Services

22200 Educational Media Services
- 22210 Service Area Direction
- 22220 School Library Services
- 22230 Audiovisual Services
- 22240 Educational Television Services
- 22250 Computer-Assisted Instruction Services
- 22290 Other Educational Media Services

23000 Support Services-General Administration

23110 Service Area Direction
23120 Board Secretary Services
23130 Board Treasurer Services
23140 Election Services
23150 Legal Services
23160 Tax Assessment and Collection Services
23170 Audit Services
23190 Other Board of Education Services

23200 Executive Administration Services
23210 Office of the Superintendent Services
23220 Community Relations Services
23230 Staff Relations and Negotiations Services
23240 State and Federal Relations Services
23290 Other Executive Administration Services

24000 Support Services-School Administration
24100 Office of the Principal Services
24900 Other Support Services-School Administration

25000 Support Services-Business
25100 Direction of Business Support Services
25200 Fiscal Services
25210 Service Area Direction
25220 Budgeting Services
25230 Receiving and Disbursing Funds Services
25240 Payroll Services
25250 Financial Accounting Services
25260 Internal Auditing Services
25270 Property Accounting Services
25290 Other Fiscal Services
25300 Facilities Acquisition and Construction Services
25310 Service Area Direction
25320 Land Acquisition and Development Services
25330 Architecture and Engineering Service
25340 Educational Specifications Development Services
25350 Building Acquisition, Construction, and Improvements Services
25390 Other Facilities Acquisition, and Construction Services
25400 Operation and Maintenance of Plant Services
25410 Service Area Direction
25420 Care and Upkeep of Buildings Services
25430 Care and Upkeep of Grounds Services

25440 Care and Upkeep of Equipment Services
25450 Vehicle Servicing and Maintenance Services (other than buses)
25460 Security Services
25490 Other Operation and Maintenance of Plant Services
25500 Pupil Transportation Services
25510 Service Area Direction
25520 Vehicle Operation Service
25530 Monitoring Services
25540 Vehicle Servicing and Maintenance Services
25590 Other Pupil Transportation Services
25600 Food Services
25610 Service Area Direction
25620 Food Preparation and Dispensing Services
25630 Food Delivery Services
25690 Other Food Services
25700 Internal Services
25710 Service Area Direction
25720 Purchasing Services
25730 Warehousing and Distributing Services
25740 Printing, Publishing, and Duplicating Services
25790 Other Internal Services
25900 Other Support Services-Business

26000 Support Services-Central
26100 Direction of Central Support Services
26200 Planning, Research, Development, and Evaluation Service
26210 Service Area Direction
26220 Development Services
26230 Evaluation Services
26240 Planning Services
26250 Research Services
26290 Other Planning, Research, Development, and Evaluation Services
26300 Information Services
26310 Service Area Direction
26320 Internal Information Services
26330 Public Information Services
26340 Management Information Services
26390 Other Information Services
26400 Staff Services
26410 Service Area Direction
26420 Recruitment and Placement Services

26430 Staff Accounting Services
26440 Inservice Training Services (for noninstructional staff)
26450 Health Services
26490 Other Staff Services
26500 Statistical Services
26510 Service Area Direction
26520 Statistical Analysis Services
26530 Statistical Reporting Services
26590 Other Statistical Services
26600 Data Processing Services
26610 Service Area Direction
26620 Systems Analysis Services
26630 Programing Services
26640 Operations Services
26690 Other Data Processing Services
26900 Other Support Services-Central

29000 Other Supporting Services

30000 Community Services

31000 Direction of Community Services

32000 Community Recreation Services

33000 Civic Services

34000 Public Library Services

35000 Custody and Care of Children Services

36000 Welfare Activities Services

38000 Nonpublic School Pupils Services

39000 Other Community Services

40000 Nonprogramed Charges

41000 Payments to Other Governmental Units (within the State)

42000 Payments to Other Governmental Units (outside the State)

43000 Transfers of Funds

50000 Debt Services

OBJECT

The objects of expenditure are divided into seven categories, as described in the handbook. The definition of object is:

"The service or commodity obtained as the result of a specific expenditure."

The broad object categories are subdivided to provide more detailed information.

The following chart describes the objects of expenditure.

MASTER CHART OF ACCOUNTS
OBJECTS OF EXPENDITURE

100 Salaries

- 110 Regular Salaries
- 120 Temporary Salaries
- 130 Overtime Salaries

200 Employee Benefits

300 Purchased Services

- 310 Professional and Technical Services
  - 311 Instruction Services
  - 312 Instructional Programs Improvement Services
  - 313 Pupil Services
  - 314 Staff Services
  - 315 Management Services
  - 316 Data Processing Services
  - 317 Statistical Services
  - 318 Board of Education Services
  - 319 Other Professional and Technical Services
- 320 Property Services
  - 321 Public Utilities Services
  - 322 Cleaning Services
  - 323 Repairs and Maintenance Services
  - 324 Property Insurance
  - 325 Rentals
  - 329 Other Property Services

330 Transportation Services
331 Pupil Transportation
332 Travel
339 Other Transportation Services
340 Communication
350 Advertising
360 Printing and Binding
370 Tuition
390 Other Purchased Services

400 Supplies and Materials
410 Supplies
420 Textbooks
430 Library Books
440 Periodicals
450 Warehouse Inventory Adjustment
490 Other Supplies and Materials

500 Capital Outlay
510 Land
520 Buildings
530 Improvements Other Than Buildings
540 Equipment
550 Vehicles
560 Library Books
590 Other Capital Outlay

600 Other Objects
610 Redemption of Principal
620 Interest
630 Housing Authority Obligations
640 Dues and Fees
650 Insurance and Judgments
651 Liability Insurance
652 Fidelity Bond Premiums
653 Judgments Against the LEA
659 Other Insurance and Judgments
690 Miscellaneous Objects

700 Transfers
710 Fund Modifications
720 Transits

CLEARING ACCOUNTS

Clearing accounts serve as control accounts for certain areas of the accounting system. These accounts are not used in Handbook II, Revised but they are essential for Indiana accounting. Therefore, a chart of clearing accounts has been established to meet the requirements for Indiana school corporations.

The following chart describes the clearing accounts.

MASTER CHART OF ACCOUNTS
CLEARING ACCOUNTS

800 Asset Accounts
- 810 Petty Cash Fund
  - 811 Receipts (To Establish Fund)
  - 812 Disbursements (Returned to Source when Closed Out)
- 820 Central Stores
  - 821 Receipts
  - 822 Issues
- 830 Prepaid Insurance (Accrual Basis Only)
  - 831 Premiums Paid
  - 832 Premiums Used
- 850 Investments
  - 851 Receipts - Purchase of Investments
  - 852 Disbursements - Sale of Investments
- 860 Investments - Common School Fund Bonds
  - 861 Receipts
  - 862 Disbursements

900 Liability Accounts
- 910 Loans
  - 911 Temporary
    - 911.1 Receipts
    - 911.2 Disbursements
  - 912 Emergency

912.1 Receipts
912.2 Disbursements
913 Loans From One Fund to Another
913.1 Receipts
913.2 Disbursements
914 School Bus Loans
914.1 Receipts
914.2 Disbursements

920 Payroll Deductions - Regular
921 Federal Tax
921.1 Receipts
921.2 Disbursements
922 Social Security
922.1 Receipts (Teaching)
922.2 Disbursements (Teaching)
922.3 Receipts (Non-Teaching)
922.4 Disbursements (Non-Teaching)
923 State Tax
923.1 Receipts
923.2 Disbursements
924 Teacher Retirement
924.1 Receipts
924.2 Disbursements
925 Public Employee's Retirement Fund
925.1 Receipts
925.2 Disbursements
926 Group Insurance
926.1 Receipts
926.2 Disbursements
927 Annuities
927.1 Receipts
927.2 Disbursements
928 Bonds
928.1 Receipts
928.2 Disbursements
929 County Adjusted Gross Income Tax
929.1 Receipts
929.2 Disbursements

930 Other Payroll Deductions - Regular

940 Payroll Deductions - Special
941 United Fund
941.1 Receipts
941.2 Disbursements
942 Credit Union
942.1 Receipts
942.2 Disbursements

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COST CENTER

The cost center is the smallest segment of a program that is separately recognized in an agency's records, documents, and reports. The most obvious example of a cost center is an individual school building, but an administration building, a computer center, or a transportation center can be classified as a cost center. Financial data on cost centers will not be required for state reporting, but will be recommended for local school corporations to assist in analysis and decision making.

CROSSWALKING

The process of transfering accounts from the present Indiana system to the PPB System is the preliminary step in establishing a complete PPB System. The technique used to complete the transition from the current accounting system to Handbook II, Revised is known as crosswalking. A matrix is used with the current system on the vertical side and the program accounting system on the horizontal side with monies distributed to the corresponding accounts. Crosswalking the budget is basic to program accounting.

The following chart may be used in crosswalking the budget.

CROSSWALK

Handbook II 1957	Handbook II 197	Instruction	Regular	Elementary	Junior High	High School		Supporting Serv	Pupils	Attendance Social Work
Administration										
Salaries										
Board Members										
Treasurer										
Superintendent and Assistants										
Business Manager and Assistants										
Buildings and Grounds										
Data Processing										
Secretarial and Clerical										
Other (Specify)										
Contracted Services										
Consultants										

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SUMMARY OF EXPENDITURES

To summarize, the classification of expenditures is the major change from the current system to Handbook II, Revised. School corporations can classify their expenditures by:

FUNCTION (PROGRAM).....THE WHY?

OBJECT.....THE WHAT?

COST CENTER.....THE WHERE?

FISCAL YEAR.....THE WHEN?

By using Handbook II, Revised as a base, the local, state, and federal information needs will be met.

SECTION D
BUDGETING FOR PPBS

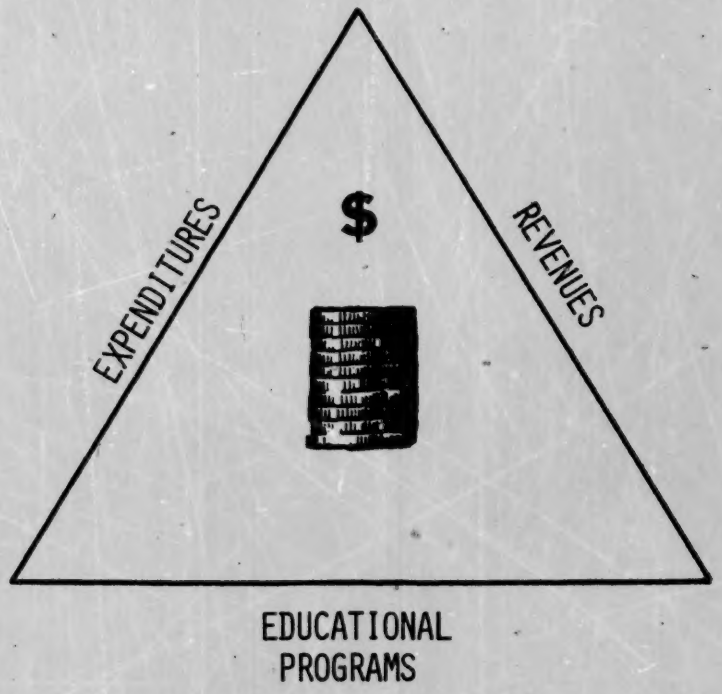
Traditional school district budgeting has patterned the cost of activities into prescribed line item accounts within functional groups. Under PPBS the budget becomes a plan for administering the district's activities (programs) as defined by each individual school district. Budgets will be prepared by program and account within a cost center. The administrator having reponsibility for the cost center prepares "a direct cost" budget; that is, he budgets only those items over which he has control. These cost center budgets are developed on standard worksheets and are then summarized into district-wide program totals for approval and entry into the PPB System. It is essential that the accounting for actual costs be recorded on the same basis as the budget was prepared.

The budgeting process for PPBS is an essential element on the road toward implementation. The allocation of human and fiscal resources is one of the primary segments of the PPBS planning process. The three areas of the planning process pertaining to budgeting are:

a. allocation of human and fiscal resources
b. selection of recommended programs, and
c. implementation of desired programs.

BUDGET TRIANGLE

Before examining budgeting by program, it would be helpful to review the composition of a school budget. The budget has as its base the educational programs of the school system. The revenues and expenditures make up the sides of the budget triangle. Estimated revenues and expenditures are related to the expectations of the educational programs to form the budget.



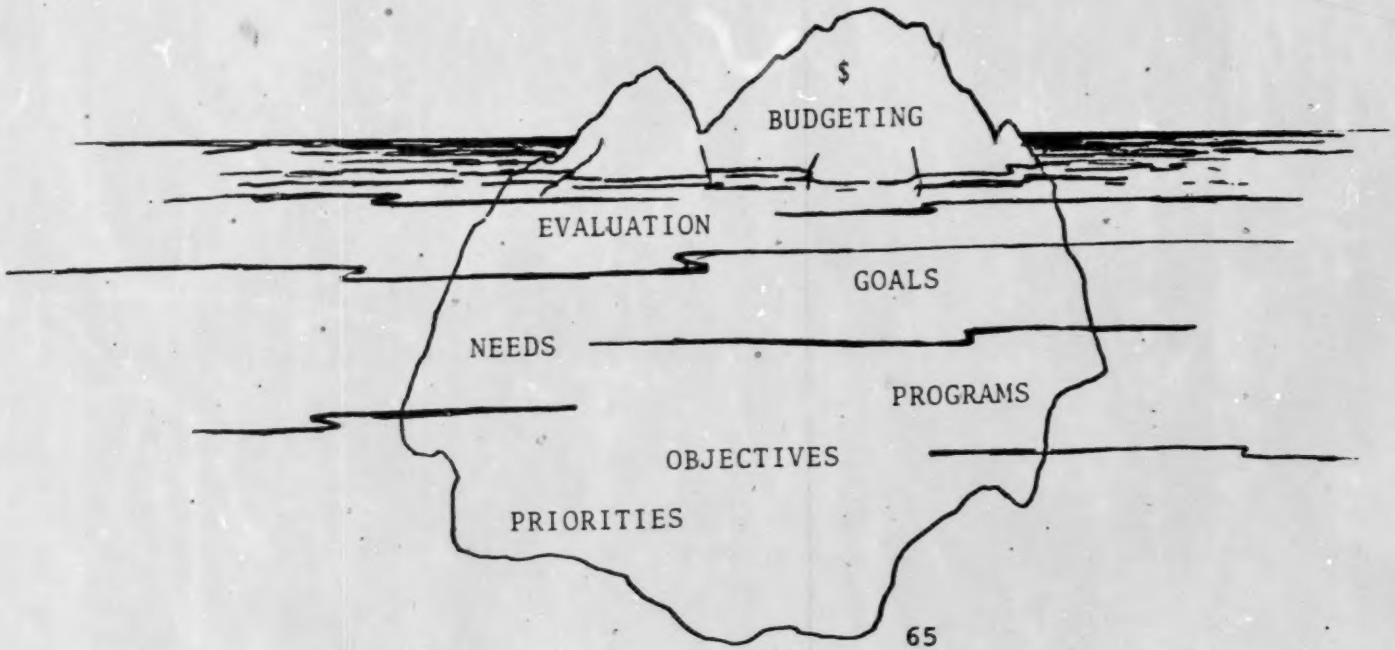
BUDGETING BY PROGRAM

Program budgets should reflect all of the items which go into forming each particular program. The personnel, supplies, materials, purchased services, and any other expenses related to the program should be included in the program budget. The individuals associated with each program should contribute to budget preparation by program.

It is then possible to illustrate programs which reflect all associated costs. Program budgeting can be a valuable tool to the school board, school administrators, teachers, and all other personnel within the school system.

PPBS IS MORE THAN BUDGETING

The school budget is a visible component of the planning process. It resembles an iceberg in this respect as dollars expended must be accounted for and are a major concern in most communities in the emerging age of accountability. We must be mindful, however, of the importance of relating our investment in our youth to student and program needs, our goals and objectives, and the results of our evaluative effort. Without this integration within the PPBS process, the systems cannot extend beyond pure cost accounting.



SECTION E

BUDGET WORKSHEET

Program Budget Worksheet

Purpose: To develop a budget figure for specific programs applicable to a particular cost center.

Prepared By: Cost center administrators and teachers.

Instructions: The administrator of the cost center will prepare a worksheet for each program. The detail is accumulated by the costs of the activities or personnel within an account and all accounts applicable to a program must be included in the composite.. Subtotals are developed for each account. The totals are carried forward to the Cost Center Budget form and the worksheet is retained in the cost center as support for the totals.

PROGRAM BUDGET WORKSHEET

01 - FILLMORE HIGH SCHOOL
COST CENTER

11315.02 SECONDARY SPANISH
PROGRAM

7-14-77
DATE

DLK
INITIALS

OBJECT	OBJECT NAMES	AMOUNT
111	REGULAR CERTIFIED SALARIES	
	MARY JONES	9,050
	CAROL SMITH	8,000
	JOAN LOGAN	7,200
	111 TOTAL	24,250
332	TRAVEL	
	TRIP TO LOUISVILLE, 50 MILES AT 8 CENTS PER MILE	
	AND $75.00 FOR MOTEL AND $21.00 FOOD	100
	332 TOTAL	100
410	GENERAL SUPPLIES	
	SECONDARY SPANISH TOTAL	28,500

Cost Center Budget

Purpose: To summarize the total cost center budget.

Prepared By: Cost center administrator.

Instructions: The account totals within a program are carried forward from the Program Budget Worksheets for each cost center. The Amount column is totaled by program and the budget is sent to the Business Office where it is consolidated with other cost center budgets to determine the school district's total budget. These work sheets become the basis for further budget analysis by program and account on a district-wide basis.

COST CENTER BUDGET

INDIANA SCHOOL CORPORATION — SCHOOL CORPORATION — NUMBER 121

FILLMORE HIGH SCHOOL — COST CENTER — NUMBER 001

FUNCTION	OBJECT	FUNCTION/OBJECT NAMES	AMOUNT
1,1,3,1,2,0,1		SECONDARY ACCOUNTING	
	1,1,1,.0,0	REGULAR CERTIFIED SALARIES	23,300
	4,1,0,.0,0	GENERAL SUPPLIES	250
	4,2,0,.0,0	TEXTBOOKS	400
	4,4,0,.0,0	PERIODICALS	50
		SECONDARY ACCOUNTING TOTAL	24,000
1,1,3,1,2,0,2		SECONDARY BOOKKEEPING	
	1,1,1,.0,0	REGULAR CERTIFIED SALARIES	29,500
	4,1,0,.0,0	GENERAL SUPPLIES	250
	4,4,0,.0,0	PERIODICALS	50
		SECONDARY BOOKKEEPING TOTAL	29,800
1,1,3,1,2,0,3		BUSINESS LAW	
	1,1,1,.0,0	REGULAR CERTIFIED SALARIES	8,025
	4,1,0,.0,0	GENERAL SUPPLIES	100
	4,4,0,.0,0	PERIODICALS	50
		BUSINESS LAW TOTAL	8,175
			9,001,275

TOTAL

*ONLY NON-GENERAL FUND PROGRAMS REQUIRE A FUND NUMBER.

Mary Logan — PREPARED BY

01-09-77 — DATE

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SECTION F
PROGRAM REPORTS

Function-Summary

The Function-Summary presents the program totals for the school corporation. Each line printed is the total school district cost for a program compared to budgeted amounts.

The school board and superintendent will use this report to review costs of the educational and administrative areas represented by the function totals. If specific programs are in need of corrective action, the board or superintendent may refer to the detail of the Cost Center Summary to identify which cost centers may require such action. School Boards should consider this report as a part of their regular agenda.

FUNCTION
SUMMARY

Date 4-1-77
Page 4

FUNCTION	DESCRIPTION	ENCUM.	EXPEND. OR REVENUE	TOTAL	BUDGET	% EXP.	BUDGET REMAINING
11322	Science	23	4293	4316	19,860	22	15,544
11322.01	Biology	14	2625	2639	11,850	22	9,211
11322.02	Chemistry	9	980	989	4,063	24	3,074
11322.03	Physical Science				700	0	700
11322.04	Physics		688	688	3,247	21	2,559

Object Summary

The amounts shown on each line of the object summary are the year-to-date ending balances for the accounts in each fund.

The report provides a ready reference for the Business Manager of the month-end object status. It will also be used to insure that expenditures do not exceed budgets in specific accounts and to determine if and when budget amounts should be transferred between account groups and funds.

The total for each fund will indicate the net position (revenues less expenditures) of that fund at month end.

OBJECT
SUMMARY

Date 3-30-77
Page 3

OBJECT	DESCRIPTION	ENCUM.	EXPEND. OR REVENUE	TOTAL	BUDGET	% EXP.	BUDGET REMAINING
400	Supplies and Materials	144	2,100	2,244	10,200	22	7,956
410	Supplies	96	1,014	1,110	6,800	17	5,690
420	Textbooks	26	550	576	1,650	35	1,074
430	Library Books		325	325	1,200	27	875
440	Periodicals	22	211	233	550	42	317

Cost Center Summary

The Cost Center Summary is printed monthly, presents cumulative year-to-date amounts, and is distributed to the administrator in charge of various groups of cost centers or the superintendent.

The report indicates how each cost center within the district has financially performed. Consequently, the supervisor can examine exceptions in spending rates and may suggest recommendations to individual cost center administrators concerning additional operational controls required.

Cost center reports may be summarized and printed by various levels of responsibility. Only those cost centers under a specific supervisor's responsibility would be available for his review. The total of those cost center operations could then be summarized and reported to the next level of responsibility if the school district is relatively large and desires cost reporting by organizational levels.

COST CENTER SUMMARY

COST CENTER Fillmore High School

Date 4-1-77

Page 2

FUNCTION	DESCRIPTION	ENCUM.	EXPEND. OR REVENUES	TOTAL	BUDGET	% EXP.	BUDGET REMAINING
11322.00	Science	14	2,145	2,159	10,330	21	8,171
11322.01	Biology	14	1,311	1,325	5,975	22	4,650
11322.02	Chemistry		490	490	2,030	24	1,540
11322.03	Physical Science				700	0	700
11322.04	Physics		344	344	1,625	21	1,281

SECTION G
REPORTING TO THE STATE

Introduction

The coding structure is designed to meet the reporting needs of the state as well as the local school district. In order for state reports to be meaningful, the reporting classifications must reflect programs, educational level, and administrative areas. This design should not restrict local school district definitions for specific programs. The source data for these reports are the object and function totals developed from the local district reports. Upon state wide implementation of PPBS, additional financial reporting is not anticipated.

SCHOOL CORPORATION _____ COUNTY _____

CODE	FUNCTION	CURRENT EXPENDITURES	% INCREASE	% DECREASE
1000	Instruction			
1100	Regular Program			
1110	Elementary			
1120	Jr. High			
1130	High School			
1200	Special Program			
1300	Adult Program			
2000	Supporting Services			
2100	Pupils			
2200	Instructional Staff			
2300	General Administration			
2400	School Administration			
2500	Business			
2600	Central			
3000	Community Services			
4000	Nonprogrammed Charges			
5000	Debt Service			

STATE REPORT BY OBJECT

SCHOOL CORPORATION _____ COUNTY _____ %

CODE	OBJECT	CURRENT EXPENDITURES	INCREASE	DECREASE
100	Salaries			
110	Regular			
120	Temporary			
130	Overtime			
200	Employee Benefits			
300	Purchased Services			
310	Professional and Technical Services			
320	Property Services			
330	Transportation Services			
340	Communication			
350	Advertising			
360	Printing and Binding			
370	Tuition			
400	Supplies and Materials			
410	Supplies			
420	Textbooks			
430	Library Books			
440	Periodicals			
450	Warehouse Inventory Adjustment			
500	Capital Outlay			
510	Land			
520	Buildings			
530	Improvements Other Than Buildings			
540	Equipment			
550	Vehicles			
560	Library Books			
600	Other Objects			
610	Redemption of Principal			
620	Interest			
630	Housing Authority Obligations			
640	Dues and Fees			
650	Insurance and Judgements			

SECTION H
IMPLEMENTATION PLAN FOR PPBS

Public Law 309 of 1971 requires that a PPB System be implemented in all public school systems by July 1, 1977. Such a task requires detailed long-range planning and appropriate funding. Presently, many administrative items need clarification or further work and are included in the tasks which follow.

The preceding sections have outlined the Department's basic PPB plan and reporting system for public school districts. Some districts may wish to implement the system in advance of the 1977 date or in more detail than described in this manual. In any event, the minimum level of detail required would be satisfied by the following sequence of steps:

1973 Requirements:

Original PPBS manual will be distributed in April and May, 1973, and specific tasks will be resolved on or before:

June 30:

--Further discussions concerning the PPB system will be held with the:

State Advisory Committee
State Board of Accounts
State Board of Education (Commission on General Education)
Education Committee (General Assembly)
Superintendent of Public Instruction
State Tax Board

Constructive comments will be noted and appropriate revisions will be included in the final document.

--A State PPBS advisory Committee has been formed to assist the Division of Planning and Evaluation in determining priorities and monitoring the progress of the project on a regular basis.

--A local PPBS Ad Hoc Advisory Committee will be formed to review the accounting and budgeting areas of the Indiana PPB System.

--An assignment of responsibility for those phases of the PPBS project yet to be completed will be given consideration:

Detailed design (including an accounting manual)

Computer system programming and testing

Training and installation

General project management and follow-up

The amount of funds required for the Department of Public Instruction to implement PPBS throughout the state's local school systems will be determined and presented to the General Commission and legislature. The role of other state agencies in such a project will be defined and articulated.

December 31

--An annual progress report will be prepared for the Legislative Committee for Public Education.

--A detailed plan will be prepared to assist school districts in implementation of the PPB System.

1974 Requirements

April 30

--Pilot school districts will be ready to implement the system for 1974-75 through utilization of the new budget preparation sheets. The budget accumulation will require adherence to the new standard procedures of PPBS.

May 31

--Pilot school districts July, 1974-June, 1975 budget will be prepared on a program basis.

June 30

--The design of the reporting system will be completed, including a manual system of program accounting.

--The Budgeting and Accounting Manual of required PPBS and accounting procedures will be available in final form.

August 31

--Review progress with General Commission.

October 1

--Revised PPBS manual to be completed with accounting system based on Handbook II, Revised.

December 31

--A list of implementation dates through July 1, 1977 will be completed.

--Determination of the most efficient method of installation will be completed.

1975 Requirements

March 31

--Training sessions and preliminary budget preparation will begin for school districts installing PPBS in the coming fiscal year. Educational program definitions will be complete.

May 31

--Budgets for participating schools will be completed.

July 1

--Participating school districts will begin to account for transaction in relation to the new budget format.

August 15

--The Accounting Manaul designed by the State Board of Accounts will be available in final form.

1976 and 1977 Requirements

--The 1975 requirements will begin again for those school districts scheduled to participate in the coming fiscal year.

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PPBS GLOSSARY

Alternatives - Possible objectives and/or means of achieving objectives. Alternatives are evaluated in terms of costs as related to outputs. Additional consideration includes the time required for implementing each alternative and the uncertainties inherent in selecting any one alternative.

Budget Document - The instrument used by the budget-making authority to present a comprehensive financial program. It concludes a balanced statement of the revenues and expenditures of time governmental unit and other exhibits to report the financial condition of the several funds of the governmental unit (1) at the end of the preceding completed fiscal period; (2) the estimated condition at the close of the ensuing fiscal period vased on the financial proposal contained in the budget document. See also Program Budget.

Budgeting - The process of allocating the available resources of an organization among potential activities in order to best attain the objectives of the organization; planning for the use of resources.

Component - Level of program subordinate to element level and above task level.

Constraints - Conditions which exist within and outside of a system which limit the range, level, or method of operations.

Cost-Benefit Analysis - A method of determining the economic value of a program by establishing a ratio of costs to benefits. The objective is to maximize benefits at the lowest possible cost. Both costs and benefits are measured and analyzed in monetary terms.

Cost-Effectiveness Analysis - A method of determining the most effecient mix of activities to achieve a specific objective. Total costs are related to anticipated effects. Costs are measured in dollars, and effectiveness is expressed in terms other than dollars.

Criteria - Statements of preferred outcomes used as a basis of judgement when choosing among alternatives.

Crosswalk - The expression of the relationship between the program structure and the appropriation-budget structure; the translation of multiyear program and financial plans into annual budgets; a simple table vertically listing program categories and horizontally listing appropriations and budget activities; based upon the program budget code.

Data - A group of facts or statistics...to be distinguished form information.

Decision-Making - The process of choosing among alternative courses of action of a product or service, or of a department, or of an operating unit; these are distinguished from overhead and other indirect costs which must be prorated among several products or services, or departments, or operating units.

Element - Level of program subordinate to program level and above component level; cost elements include personal services, contracted services, equipment, materials, supplies, and fixed charges.

Encumbrances - Obligations in the form of purchase orders, contracts, salaries, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are liquated when the obligation is paid or when the actual liability is set up.

This control account represents the total amount by which appropriations have been earmarked for expenditure for specified purposes (contra to "reserve for encumbrance"). Details of encumbrances by classification or account are recorded in the some subsidiary appropriation ledger in which expenditures are recorded.

Evaluation - The process utilized to determine whether, or to what extent, an objective has been met; evaluation findings frequently provide the basis for activities undertaken to improve the programs of a school district.

Expenditures - Amounts paid or liabilities incurred for all purposes. Accounts kept on an accrual basis will include all charges whether paid or not. Accounts kept on a cash basis will include only actual cash disbursements.

Function-Object Budget - Widely used presently by local public schools to identify costs under a number of broadly defined function and object categories, such as administration, instruction, debt service, and plant maintenance; emphasis is upon objects of expense rather than programs of the school.

Goal - A statement of broad direction, general purpose, or intent. A goal is general and timeless and is not concerned with a particular achievement within a specified time period.

Indirect Costs - Those costs necessary is the operation of the district, or in the performance of a support service, which are of such nature that the amount applicable to each instruction program cannot be determined readily and accurately.

Information - The relation of facts and statistics (data) in some logical form no provide insight and understanding on a specific question, function, or problem.

Input - Resources--human, financial, and material--that are used to achieve an objective.

Management Information System (MIS) - Integrates the dynamic functions of an organization, such as instruction, personnel and finance, and provides computer-aided systems of information control for administrators; it may be a reporting system or a decision making system, depending on the level of application.

Model - A model is an abstract representation of reality through which actual problems may be simulated for evaluation and prediction. Models trace the relationship between inputs and outputs, resources and objectives, of the alternatives compared so that officials can predict the relative consequence of choosing any alternative.

Multi-year Financial Plan - The MYFP presents in tabular form and, for a period of years, financial estimates of programs. These estimates should reflect the future financial impact of current decisions. The data in the MYFP should be organized along the lines of the program structure.

Object - As used in an expenditure classification, "object" applies to the article purchases or the services obtained.

Objective - A desired accomplishment which can be measured within a given time frame and under specifiable conditions. The attainment of the objective advances the system toward a corresponding goal.

Operating Budget - That part of the total budget of a school system which contains instructional and related costs; it does not include capital outlay, debt service, transportation, and other similar costs; it is defined differently from state to state.

Output - The result(s) or end product(s) that should occur when resources or inputs are used through a strategy (usually a program) to achieve a specified objective. Satisfactory performance is achieved when actual output equals or surpasses the objective.

Planning - A process of deciding over a long period of time on the objectives of an organization, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use and disposition of these resources.

Planning-Programming-Budgeting System (PPBS) - A systematic approach to the allocation of limited resources for the accomplishment of priority objectives.

Program - A program is a unique combination of personnel, facilities, equipment and supplies, which operate together to accomplish common objectives.

Program Budget - The program budget in a PPBS is a statement of policy that relates costs to goals, objectives, and programs bases upon a program structure classification. When the goals and objectives of a school district have been defined and the programs to meet these objectives have been documented, the estimated costs of these programs must be reported in the Program Budget.

Program Costs - Costs which are incurred and allocated by programs rather than by organizations. Program costs should be those direct costs that are essential to maintain the program. See also Direct Costs.

Program Structure - The hierarchial arrangement of programs which represent the interrelationship of activities to goals and objectives. The program structure contains categories of activities with common outputs and objectives. Programs may cut across existing departments and agencies.

Programming - The development of programs to meet specified objectives, the analysis of alternative usages to accomplish the objectives, and the identification of organizational units to carry out the program.

Prorating - The allocation of parts of a single expenditure to two or more different accounts in proportion to the benefits which the expenditure provides for the purpose or program area for which the accounts were established.

System Analysis - This activity is the process of evaluating the inputs, costs, and resources required of a program of programs and evaluating the outputs, the service, the benefits, and the payoffs.

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Haggart, Sue A. (ed): Program Budgeting for School District Planning. Rand Corp., Santa Monica, Calif. Pub. date 72.

Program budgeting is more than a neat method of budgeting by program hence it requires more than just concentration on budgeting and accounting procedures. Program budgeting, badically a resource allocations system, stresses the setting of objectives, grouping activities into programs to meet the objectives, identifying the resources required by the programs, and measuring the effectiveness of the programs in meeting the objectives. The purpose of the program budgeting effort is to provide the organized data base for the systematic selection of the preferred course of action.

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This presentation comprises the results of a symposium designed to examine some critical PPB implementation problems, suggest alternatives to some current practices in educational program budgeting, reply to some criticisms of the effectiveness of program budgeting as a resource allocation and planning tool, and to consider the future role of program analysis in education.

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